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**ANNUAL AUDITED REPORT
FORM X-17A-5**

PART III

SEC Mail Processing

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8-17264

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2018 AND ENDING 12/31/2018
MM/DD/YY Washington, DC MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Crown Capital Securities, L.P.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

725 Town and Country Road, STE 530

(No. and Street)

Orange

California

92868

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

DAROL K. PAULSEN

714 547-9481

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Bates Coughtry Reiss LLP

(Name - if individual, state last, first, middle name)

2601 Saturn Street, Ste 210

Brea

California

92821-6702

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)


SEC 1410 (11-05)

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OATH OR AFFIRMATION

I, Darol K. Paulsen, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Crown Capital Securities, L.P., as of December 31st, 20 18, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Signature

C.E.O.

Title


Notary Public

(See attached California Jurat)

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- N/A ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- XEMPT ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- XEMPT ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- XEMPT ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- N/A ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- N/A ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

CALIFORNIA JURAT

GOVERNMENT CODE § 8202

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of ORANGE

Subscribed and sworn to (or affirmed) before me on
this 25th day of Feb, 2019, by
Date Month Year

(1) DANOL K PAULSON

(and (2) _____),
Name(s) of Signer(s)

proved to me on the basis of satisfactory evidence to
be the person(s) who appeared before me.



Place Notary Seal and/or Stamp Above

Signature Merri B. Robinson
Signature of Notary Public

OPTIONAL

*Completing this information can deter alteration of the document or
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Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

CROWN CAPITAL SECURITIES, L.P.

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Coughtry
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LLP**

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Companies Since 1967

David L. Bates
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(1936 - 1997)
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(1946 - 2005)

Report of Independent Registered Public Accounting Firm

**To the Partners and Management
of Crown Capital Securities, L.P.**

*Professional Corporation

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Crown Capital Securities, L.P. (a Delaware Limited Partnership) as of December 31, 2018 and the related statements of income, changes in partners' capital, and cash flows for the year then ended; and the related notes, and schedules collectively referred to as the financial statements. In our opinion, the financial statements present fairly, in all material respects, the financial position of Crown Capital Securities, L.P. as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of Crown Capital Securities', L.P. management. Our responsibility is to express an opinion on Crown Capital Securities', L.P. financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to Crown Capital Securities, L.P. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Supplemental Information

The supplemental information, at pages 10 through 12, contained in Schedules I, II, III, IV and V has been subjected to audit procedures performed in conjunction with the audit Crown Capital Securities', L.P. financial statements. The supplemental information is the responsibility of Crown Capital Securities', L.P. management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplemental information contained in Schedules I, II, III, IV and V is fairly stated, in all material respects, in relation to the financial statements as a whole.

Bates Coughtry Reiss LLP

We have served as Crown Capital Securities', L.P. auditor since year 1999.

Brea, California
February 26, 2019

CROWN CAPITAL SECURITIES, L.P.
STATEMENT OF FINANCIAL CONDITION
December 31, 2018

ASSETS

CURRENT ASSETS:

Cash & cash equivalents	\$ 5,007,084
Commissions receivable	2,602,409
Prepaid commissions	77,262
Prepaid expenses	<u>130,398</u>
Total current assets	<u>7,817,153</u>

OTHER ASSETS:

Receivable - other	12,933
Deposit - Pershing, LLC	50,000
Deposit - National Financial Services, LLC	25,000
Deposits - other	<u>77,860</u>
Total other assets	<u>165,793</u>
Total assets	<u><u>\$ 7,982,946</u></u>

LIABILITIES AND PARTNERS' CAPITAL

CURRENT LIABILITIES:

Commissions payable	\$ 2,773,814
Accrued payable - other	<u>218,883</u>
Total current liabilities	<u>2,992,697</u>

OTHER LIABILITIES

Conference deposits	170,766
Deferred revenue	85,846
Contingency reserve	<u>472,131</u>
Total other liabilities	<u>728,743</u>
Total liabilities	<u>3,721,440</u>

COMMITMENTS

-

PARTNERS' CAPITAL

4,261,506

Total liabilities and partners' capital	<u><u>\$ 7,982,946</u></u>
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The accompanying notes are an integral part of the financial statements.

CROWN CAPITAL SECURITIES, L.P.

STATEMENT OF INCOME

As of December 31, 2018

REVENUE:

TSA and Variable annuities	\$ 15,010,310
Mutual funds & 12B-1	9,814,434
RIA and asset management	11,713,177
Limited partnerships	5,746,659
Securities	3,957,153
Marketing fees	264,546
Reimbursements - insurance	1,139,633
Reimbursements - net exchange	71,705
Reimbursements - albridge	148,500
Other Income	542,833
Interest income	8,589
Total revenue	<u>48,417,539</u>

EXPENSES:

Automobile expenses	25,691
Advertising, printing & postage	115,118
Bank charges	8,744
Commission expense	40,539,692
Contract service fees - personnel	2,456,221
Contract service fees - facilities & equipment	358,173
Conferences and seminars	12,159
Compliance expense	48,267
Computer services	557,474
Computer image processing	39,211
Dues and subscriptions	357,466
Insurance -various	1,037,530
Interest	16,791
Office supplies and expenses	97,759
Professional fees	310,847
Recruitment	40,435
Tax, license and permits	284,739
Miscellaneous expenses	3,963
Travel, meals and entertainment	101,307
Settlements, resolutions & contingency	528,161
Total expenses	<u>46,939,748</u>

NET INCOME

\$ 1,477,791

The accompanying notes are an integral part of the financial statements.

CROWN CAPITAL SECURITIES, L.P.
STATEMENT OF CHANGES IN PARTNERS' CAPITAL
As of December 31, 2018

	<u>General Partner</u>	<u>Limited Partners</u>	<u>Total</u>
Beginning Partners' Capital	\$ 2,845,845	\$ 1,380,870	\$ 4,226,715
Net Income	994,997	482,794	1,477,791
Distributions to Partners	<u>(971,572)</u>	<u>(471,428)</u>	<u>(1,443,000)</u>
Ending Balance at December 31, 2018	<u>\$ 2,869,270</u>	<u>\$ 1,392,236</u>	<u>\$ 4,261,506</u>

The accompanying notes are an integral part of the financial statements.

CROWN CAPITAL SECURITIES, L.P.
STATEMENT OF CASH FLOWS
for the Year Ended December 31, 2018
Increase (Decrease) in Cash and Cash Equivalents

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 1,477,791
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Adjustments to reconcile net income to net cash
provided by operating activities:

Contingency reserve - provision reduction	\$ 423,107
Depreciation Expense	8,000

Changes in operating assets:

Decrease in commissions receivable	206,681
Increase in prepaid commissions	(16,748)
Decrease in prepaid expenses	7,659
Decrease in receivable-other	3,900
Increase in deposits	(19,938)

Changes in operating liabilities:

Decrease in commissions payable	(153,852)
Decrease in accrued payables	(24,374)
Decrease in conference deposits	(27,635)
Increase in deferred revenue	18,607

Total adjustments	425,407
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Net cash provided by operating activities	1,903,198
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CASH FLOWS FROM INVESTING ACTIVITIES: None

CASH FLOWS FROM FINANCING ACTIVITIES:

Distributions to partners	(1,443,000)
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Net cash used for financing activities	(1,443,000)
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Net Increase in Cash and Cash Equivalents	460,198
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Cash and Cash Equivalents at Beginning of Year	4,546,886
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Cash and Cash Equivalents at End of Year	\$ 5,007,084
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The accompanying notes are an integral part to the financial statements.

CROWN CAPITAL SECURITIES, L.P.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 – NATURE OF OPERATIONS and SIGNIFICANT ACCOUNTING POLICIES

- A. Crown Capital Securities, L.P., (the “Partnership”) was formed on January 4, 1999 in the State of Delaware. Effective June 1, 1999, the Partnership purchased the broker-dealer license from Eric Equities, Inc. The Partnership is a licensed Broker-Dealer and is also a Registered Investment Advisor with the Securities and Exchange Commission (“SEC”). The Partnership is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”).

The Partnership operates as an introducing (non-carrying) broker-dealer that clears customers’ securities transactions with clearing broker-dealers Pershing, LLC or National Financial Services, LLC on a fully disclosed basis. The clearing broker-dealers carry the customers’ accounts and maintain records pertaining thereto. The Partnership also maintains business relations with various Mutual Funds and Insurance Companies. The Partnership provides advisory fee services and hosts seminars and conferences. As of December 31, 2018 the Partnership is registered in fifty states and in Washington, D.C. and has independent registered representatives throughout the United States.

- B. The Partnership has an on-going service and expense reimbursement agreement with Consolidated Brokerage Services, Inc. (a California corporation), where Consolidated Brokerage Services, Inc. provides professional and administrative personnel and various office services for the Partnership. In addition to the expense reimbursements, the Partnership pays a monthly processing fee to Consolidated Brokerage Services, Inc., as indicated in Note 6.
- C. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- D. All transactions are recorded using the accrual method of accounting.
- E. Commission revenues from securities transactions and other investment products are recognized as earned on a trade-date basis. Residual Revenues, such as insurance trail commissions, are recognized as earned on the effective transaction date provided by the insurance company. Fees and commissions received in advance, such as those for quarterly investment advisory services to be performed, are recorded as deferred revenue until earned. Commissions payable from the Partnership to their independent registered representatives are recorded as an expense, or prepaid expense, in a manner corresponding to the revenue recognition.
- F. Management has reviewed the December 31, 2018 commission receivable balance of \$2,602,409. All significant receivables have been collected within 30 days following the close of the year. As such, no allowance for bad debts has been included in the financial statements. Approximately \$88,642 of the commission’s receivable as of December 31, 2018 were from Pershing LLC and NFS LLC.
- G. Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2018 is \$38,351.
- H. The Statement of Cash Flows is prepared on the cash and cash equivalent basis using the indirect method. For purposes of the Statement of Cash Flows, the Partnership considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

CROWN CAPITAL SECURITIES, L.P.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 – NATURE OF OPERATIONS and SIGNIFICANT ACCOUNTING POLICIES (continued)

- I. The Partnership's financial instruments are cash and cash equivalents, commissions receivable, and commissions payable which approximate their estimated fair values based on their short-term nature.
- J. During the year 2018 property and equipment was fully depreciated. The property consists of \$30,000 for capitalized website application costs and there is \$30,000 of accumulated depreciation. The current year depreciation expense was \$8,000 and it was calculated using the straight-line method over the estimated useful life of three years beginning with the date the website became operational.
- K. The Partnership implements FASB ASC 740, Income Taxes (formerly SFAS Financial Interpretation No. 48, Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109), which changes the framework for accounting for uncertainty in income taxes. Management has considered its tax positions and believes that the positions taken by the Partnership are more-likely-than-not to be sustained upon examination.

The federal and state income tax returns of the Partnership are subject to examination by the IRS for three years after the tax returns are filed and for state authorities the examination period is four years after the tax returns are filed. The Partnership is no longer subject to a federal examination for the years before 2014 and for state examination for the years before 2013.

All material tax effects of the Partnership's income or loss are passed through to the partners individually.

- L. The Partnership's management has evaluated subsequent events through February 26, 2019 the effective date at which the financial statements were available to be issued. No events have occurred which would have a material effect on the financial of the Partnerships as of that date.

NOTE 2 – CASH AND CASH EQUIVALENTS

As of December 31, 2018 cash and cash equivalents consist of:

Cash in Union Bank of California	\$ 4,008,084
Certificates of Deposit: Four	<u>999,000</u>
Total	<u>\$ 5,007,084</u>

At December 31, 2018 the certificates of deposit are each under \$250,000 and are held at four separate financial institutions. Each certificate of deposit has a maturity terms of less than ninety days.

NOTE 3 – CONFERENCE DEPOSITS

The net conference deposits of \$170,766 at December 31, 2018 are for attendance fees received for participation in Crown Capital Securities, L.P.'s Marketing Programs that are scheduled to be held during year 2019.

NOTE 4 – REPURCHASE AGREEMENTS

The Partnership acts as an agent in selling tax-sheltered annuities for certain insurance companies. In the event of cancellation of any tax-sheltered annuity contracts by the purchasers, the Partnership may incur a liability for return of unearned commissions. However, the number of cancellations experienced by the Partnership to date has been insignificant.

CROWN CAPITAL SECURITIES, L.P.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 5 – OPERATING LEASES

The Partnership leases office space in Orange, California. The lease was amended in June 2014 and expires May 31, 2020. The following is a schedule by years of the remaining future minimum lease obligation payments for the years ending December: 2019 - \$259,622 and 2020 - \$109,760.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Partnership is reimbursed by their registered representatives for insurance, and other third party online services. For the year ended December 31, 2018 the Partnership was insurance income reimbursements of \$1,139,633 and an additional \$220,205 was reimbursed through commission expense payment reductions.

Various administrative and office services for the Partnership are performed by Consolidated Brokerage Services, Inc. (CBS) pursuant to a service agreement that requires the monthly reimbursement of operating expenses and a monthly processing fee of \$7,500 to be paid by the Partnership. The individual that is the 100 percent owner of Consolidated Brokerage Services, Inc. also has an ownership interest in Delta Capital Holdings, LLC (DCH) and Delta Broker Holding, LLC, (DBH) which are, respectively, the general and limited partners of Crown Capital Securities, L.P. During the year ended December 31, 2018, the Partnership paid \$3,583,034 to Consolidated Brokerage Services, Inc. for the reimbursement of the various general and administrative expenses, and processing fees pursuant to the service agreement. The Partnership records the service agreement payments by expense categories consisting of: personnel, facilities and equipment, and various other general and administrative expense categories.

The Partnership also has affiliation agreements with Crown Capital Insurance Agency, L.L.C. (CCIA) and CCIA Nevada, Inc., where they agree to provide the Partnership with the exclusive use of their licenses that the Partnership reasonably requires to operate its business as a full-service broker/dealer and investment advisor. For the year ended December 31, 2018 total revenues generated, respectively, from these agreements was \$5,673,815 and \$6,239. In consideration for the CCIA entities providing the use of their licenses, the Partnership shall advance funds or reimburse each CCIA for any and all expenses they incur with obtaining or maintaining their licenses.

During the year ended December 31, 2018, the Partnership paid CCIA L.L.C., \$11,700, DBH \$16,750 and DCH \$15,950 for their pass-through expense reimbursements.

NOTE 7 – STATEMENT OF CASH FLOWS

A. Supplemental disclosure of Cash Flow information:

Cash paid during the year for:

Interest Expense	\$ 16,791
State Income, Franchise and Revenue tax	23,133

Supplemental schedule of noncash investing and financing activities: none.

CROWN CAPITAL SECURITIES, L.P.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 8 – CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially expose the Company to concentrations of credit risk, consist primarily of:

A. Commissions Receivable

Most of the Partnership's business activity of selling various types of registered securities and investments on a commission basis is done through regulated investment companies located nationwide.

B. Cash Accounts

The Partnership maintains its general non-interest earning cash account in Union Bank of California and periodically purchases short term certificates of deposit from other banks through UnionBanc Investment Services, LLC. Insurance provisions of the Federal Deposit Insurance Corporation ("FDIC") is \$250,000 per account ownership category. As of December 31, 2018 the Partnership's general checking account, before outstanding items, had \$3,802,142 of cash in excess of the FDIC insurance limit. Each of the four certificates of deposit was respectively insured by the FDIC.

NOTE 9 – NET CAPITAL REQUIREMENTS

The Partnership is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to allowable net capital, both as defined, shall not exceed 15 to 1. At December 31, 2018, the Partnership had net allowable capital of \$3,678,340 as computed in supplementary schedule I, which was \$3,430,244 in excess of its required minimum net capital of \$248,096. The required minimum net capital is the greater of \$50,000 or \$248,096 as computed at .0666667% of the \$3,721,440 aggregate liabilities indicated on the December 31, 2018 Statement of Financial Condition. The Partnership's liabilities to net capital ratio was 1.01 to 1.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

As of December 31, 2018 the Partnership is named as a defendant in four arbitration proceedings and there two open FINRA examinations. Such matters arise in the course of business and it is common in the broker-dealer industry. The amount sought for compensatory damages, in the aggregate of the minimum range, approximates \$7,078,419 but does not include potential amounts for punitive damages, legal fees and other costs. The Partnership has established a contingency reserve of \$472,131 which consists of 6.667% of the aggregate minimum compensatory claims for damages.

FINRA, the Partnership's regulatory authority is investigating certain mutual fund transactions and fees in connection with two of the Partnership's Registered Representatives. FINRA may be considering taking disciplinary sanctions which may include levying fines. Since Management and legal counsel evaluation is unable to determine the outcome or potential fines, a loss contingency has not been accrued in the financial statements.

With regards to the aforementioned issues, the Partnership's management believes it has meritorious defenses and will be vigorously defending itself against the claims with their legal counsel proceeding accordingly. The Partnership maintains liability insurance, and in the event of any excess settlement balance, management expects to be covered by their Errors and Omissions ("E&O") insurance provider.

SUPPLEMENTARY INFORMATION

CROWN CAPITAL SECURITIES, L.P.
SUPPLEMENTAL SCHEDULES
December 31, 2018

SCHEDULE I

Part 1 - Computation of net capital

Total Partners' Capital, at December 31, 2018		\$ 4,261,506
Liabilities subordinated to claims of general creditors		<u>-</u>
Total capital and allowable subordinated liabilities		4,261,506
Less non-allowable assets:		
Commissions receivable, aged over 30 days or not offset by a liability	\$ (263,235)	
Prepaid commissions	(77,262)	
Prepaid expenses	(130,398)	
Receivable – other	(12,933)	
Deposits	<u>(77,860)</u>	
Total non-allowable assets		(561,688)
Less: haircuts and other deductions		
Certificates of deposit, maturity terms over 30 days less than 91 days	(1,250)	
Fidelity bond deductible	<u>(20,228)</u>	
Total other deductions		<u>(21,478)</u>
Net Capital pursuant to Rule 15c3-1		\$ 3,678,340

Part 2 - Computation of required minimum net capital

Minimum net capital		
• 6 2/3 percent of aggregate indebtedness	\$ 248,096	
• Minimum dollar net capital required	<u>\$ 50,000</u>	
• Required Net Capital (greater of above)		\$ 248,096
Excess Net Capital		<u>\$ 3,430,244</u>
Aggregate indebtedness	\$ 3,721,440	
Ratio of aggregate indebtedness to net capital	1.01 to 1	

SCHEDULE II

Computation of reserve requirement pursuant to Rule 15c3-3:

The Partnership is exempt from any reserve computation requirements under the exemption provided for in Rule 15c3-3(k)(2)(ii).

CROWN CAPITAL SECURITIES, L.P.
SUPPLEMENTAL SCHEDULES
December 31, 2018

SCHEDULE III

Information relating to the possession or control requirements under Rule 15c3-3:

The Partnership clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, and promptly transmits all customer funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Rules 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer.

The Partnership is exempt from possession or control requirements under the exemption provided for in Rule 15c3-3(k)(2)(ii).

SCHEDULE IV

Reconciliation of net capital computation to the reserve computation pursuant to Rule 17a5(d)(4):

The Partnership is exempt from any reserve requirements under Rule 15c3-3(k)(2)(ii). Accordingly, no computation or reconciliation is required.

CROWN CAPITAL SECURITIES, L.P.
SUPPLEMENTAL SCHEDULE V
December 31, 2018

RECONCILIATION OF THE AUDITED NET CAPITAL TO UNAUDITED FOCUS REPORT

	<u>Partners' Capital</u>	<u>Non-Allowable Items</u>	<u>Net allowable Capital</u>
Unaudited Fourth Quarter, Focus Report, 12/31/2018	\$ 4,306,104	\$ (487,159)	\$ 3,818,945
<u>Subsequent Adjustments:</u>			
Increase/(Decrease) in Revenue:	127,239	-	127,239
Decrease/(Increase) in Expenses:	(171,837)	-	(171,837)
(Increase)/Decrease in Assets:			
Commissions Receivable - non-allowable	-	(21,425)	(21,425)
Prepaid and other assets- non-allowable		(77,262)	(77,262)
Decrease/(Increase) in Other Reductions:			
Fidelity Bond - haircut	-	2,680	2,680
Net Capital, 12/31/18	<u>\$ 4,261,506</u>	<u>\$ (583,166)</u>	<u>\$ 3,678,340</u>

**Bates
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Companies Since 1967

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Wayne R. Coughtry
(1936 - 1997)
Stephen P. Janowicz*
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Robyn R. Bjorklund
Kathy Evans
Lori Henderson
Debra L. Howe
Shawn B. LaBurn
Louis H. Lopez
Yvonne E. Tuff
Judith A. Pappe
(1946 - 2005)

Report of Independent Registered Public Accounting Firm

To the Partners and Management
of Crown Capital Securities, L.P.

*Professional Corporation

We have reviewed management's statements, included in the accompanying Management's Exemption Report in which (1) Crown Capital Securities, L.P. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Crown Capital Securities, L.P. claimed an exemption from 17 C.F.R. §240.15c3-3:(k)(2)(ii) (the "exemption provisions") and (2) Crown Capital Securities, L.P. management stated that Crown Capital Securities, L.P. met the identified exemption provisions throughout the most recent fiscal year without exception. Crown Capital Securities', L.P. management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Crown Capital Securities, L.P. compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Bates Coughtry Reiss LLP

Brea, California
February 26, 2019



**CROWN
CAPITAL**
SECURITIES, L.P.

Management's Exemption Report – Pursuant to Paragraph (d)(4) of SEC Rule 17a-5

The Management of Crown Capital Securities, L.P. ("the Partnership") is responsible for compliance with the reporting requirements under Rule 17a-5 of the Securities Exchange Act of 1934, as amended and effective June 1, 2014 and thereafter, for certain broker-dealers' annual reporting.

This report is for the Partnership's most recent fiscal year ended December 31, 2018.

I, Darol K. Paulsen, to the best of my knowledge and belief make these assertions regarding the exemption provision as follows:

Identified Exemption Provision:

The Partnership claims exemption from the requirements of Rule 15c3-3 [17 CFR 240.15c3-3] of the Securities and Exchange Commission under paragraph (k)(2)(ii) [17 CFR 240.15c3-3(k)(2)(ii)].

Definition: (k)(2)(ii) Exemption – Applies to broker-dealers who, as introducing broker-dealers, clear all customer transactions on a fully-disclosed basis with a clearing broker-dealer, and who promptly transmit all customer funds and securities to such clearing broker-dealer. In these arrangements, the clearing broker-dealer carries all of the customer accounts of the introducing broker-dealer and maintains and preserves such books and records related to customer accounts as required by SEC Rules 17a-3 and 17a-4.

Statement Regarding Meeting Exemption Provision:

To the best of my knowledge and belief the Partnership is therefore exempt from rule 15c3-3 because it met the exemption requirement to Rule 15c3-3 [17 CFR 240.15c3-3] of the Securities and Exchange Commission, under paragraph (k)(2)(ii) [17 CFR 240.15c3-3(k)(2)(ii)], throughout the Partnership's most recent fiscal year ended December 31, 2018 without exception.

Crown Capital Securities, L.P.

Darol K. Paulsen, Chief Executive Officer

February 25, 2019